Public Question #1

The following Public Question will appear on the November 4, 2008 General Election Ballot

YES	**VOTERS TO APPROVE STATE AUTHORITY BONDS PAYABLE FROM STATE APPROPRIATIONS** Do you approve the proposed amendment to the State Constitution which provides that, after this amendment becomes part of the Constitution, a law enacted thereafter that authorizes State debt created through the sale of bonds by any autonomous public corporate entity, established either as an instrumentality of the State or otherwise exercising public and essential governmental functions, such as an independent State authority, which debt or liability has a pledge of an annual appropriation as the ways and means to pay the interest of such debt or liability as it falls due and pay and discharge the principal of such debt, will be subject to voter approval, unless the payment of the debt is made subject to appropriations of an independent non-State source of revenue paid by third persons for the use of the object or work bonded for, or are from a source of State revenue otherwise required to be appropriated pursuant to another provision of the Constitution?
NO	**INTERPRETIVE STATEMENT** This amendment to the State Constitution will require voter approval of new laws that allow the State to borrow money by issuing bonds through any State agency or independent authority backed by a pledge of an annual appropriation to pay the principal and interest on the bonds. New laws to allow the issuance of these State authority bonds for State government purposes will be subject to voter approval. State courts have ruled that the State constitutional requirement that the Legislature and Governor must seek voter approval for bonded debt does not apply to such borrowing. That requirement is followed only for proposed State bonds that contain a binding, non-repealable pledge to pay off the bonds directly with State taxes. Most State authority bonds can be issued without voter approval because the payment of the bonds is backed only by a promise of the Legislature and the Governor that they will enact appropriations in the future to meet the bond payments. The courts have said this is a legal means of avoiding submitting the issuance of debt for voter approval. Laws to permit such debt that are enacted after this amendment becomes part of the Constitution will have to authorize voter referenda for approval of such debts. Exceptions to voter approval for authority bonds will be permitted if the bonds are to be paid off from 1) a source of revenue dedicated by the State Constitution, which only the voters can establish, or 2) an independent non-State government source of payments for use of projects built or obtained with the borrowed money, such as highway tolls or user fees.

Nina Mitchell Wells, Secretary of State